Children's World

Year in Review Issue
1981

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The Children's Hospital Medical Center, 300 Longwood Avenue, Boston, MA 02115
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The Year in Review

The Children's Hospital Medical Center, founded in 1869, is a voluntary, nonprofit teaching hospital affiliated with Harvard Medical School. The largest pediatric hospital in the country, it is dedicated to patient care, research, and teaching, and offers comprehensive health care services for patients from birth through young adulthood.

The organizational effectiveness and the legal accountability of this hospital's governing body are among the most important issues we face as a modern medical center. The sheer size and complexity of the health care industry mandates effective operation on the part of staff, administration, and governing body. In recent years, legal decisions have led trustees to assume more direct responsibility for the financial well-being of an institution as well as for assurance of quality patient care.

The forces that require our attention at The Children's Hospital Medical Center certainly begin with the sick child. But they quickly extend to other complex elements of this huge institution, including: our responsibilities to provide suitable facilities for patient care, research, and teaching; the effective and imaginative management of our endowment and real estate assets; and the careful oversight of our financial management to assure the hospital's continued financial health and ability to successfully meet the challenges of the future.

As President David Weiner suggests in his remarks in this annual report, these responsibilities are made more difficult by regulation and other influences beyond our control.

Realizing the implications of these responsibilities and the evolving role of trustees, the medical center has made significant efforts during the past several years to strengthen its governance structure. This has helped us maintain a sound operational and financial picture during a period when many hospitals, locally and nationwide, have struggled for their very existence.

Most recently, the Board authorized a further comprehensive study of the governance structure based on our own experiences and that of comparable institutions. The results of the study, presented as recommendations by the Board's subcommittee on Governance Restructure, were ratified at a special meeting of the Board on November 18.

Our new, streamlined structure calls for an 11- to 15- member Board of Trustees, vested with the powers, responsibilities, and discretions of a governing body having legal accountability. All other former Trustees have become part of a larger Board of Overseers composed of dedicated men and women willing to make a commitment to the hospital's Trustees, administration, and medical staff.

A primary effort during the coming year will be to begin an ambitious program of Overseer/Trustee relations. Its purpose is to increase opportunities for involvement by Trustees and Overseers and thereby to make best use of the talent and experience represented by members of both groups.

We are confident that this Overseer/Trustee reorganization, involving all members of the hospital's governing body, will serve Children's well.

William W. Wolbach
Chairman of the Board

Throughout its history, The Children's Hospital Medical Center has faced many great challenges.

They began with Dr. Francis Brown's efforts toward "the establishment of a Children's Hospital in the City of Boston" back in 1869. The early years of this century saw the hospital meet the challenges of life-threatening disease through a combination of high quality patient care plus the application of the new discoveries achieved by basic science research. By mid-century, Children's Hospital was able to respond to a world-wide epidemic of polio with accomplishments in patient care and research that led to the virtual elimination of that disease. And the Children's Hospital of today, through its unique human and technical resources, continues to seek answers to the most vexing pediatric health care problems.

In the past few years, a different kind of challenge has surfaced to add to the complexity of caring for sick children. We still confront life-threatening disease. We still race the clock to discover new treatments and cures for our sickest patients. But we cannot escape the fact that some of today's challenges—and those of tomorrow—are as likely to be generated by legislation and regulation as by viruses and epidemics.

These new institutional challenges come from every conceivable angle: from local, state, and federal government; from a myriad of regulatory agencies; from health insurers; from consumer groups; and from many other sources.

Many have as their goal a more efficient and cost-effective health care delivery system. But taken together, legislative and regulatory changes represent a formidable challenge to all health care institutions, especially to institutions like Children's Hospital.

For instance, this year alone, the federal government has enacted or is threatening major cutbacks in funding: cutbacks in entitlement to people who cannot afford to pay for health care; cutbacks in federal funds available for medical research; and other approaches aimed at controlling hospital costs—notably those that emphasize competition and marketplace forces among health care providers.

These changes, national in scope, are certainly in evidence close to home. In October, Massachusetts passed legislation which set a statewide inflationary ceiling on hospital charge increases. In addition, the state's primary insurer, Blue Cross/Blue Shield, instituted a totally new system of prospective reimbursement to hospitals, whereby the hospital is paid a set amount for services it renders to subscribers, regardless of how much the services to patients actually cost. In the coming months the state is expected to enact sweeping cutbacks in the system of Medicaid reimbursements to hospitals. As the Commonwealth struggles with funding problems, it is of

real concern that the ultimate solution will produce adverse consequences for Medicaid recipients as well as for major urban teaching hospitals like Children's, which render significant services to this segment of the population.

In response to these external forces and in anticipation of an atmosphere of continued pressure to reduce reimbursement for health care, we are taking a series of our own initiatives, administratively and programmatically. They include not only specific areas of concentration, but also encompass some broader and more innovative approaches to the issues of today—and tomorrow. For example, as traditional funding sources become more scarce, the role of philanthropy takes on even more importance. As decisions at the state and federal levels have impacted the hospital to a greater degree, government and legislative relations becomes more significant. As consumerism and the rights of patients have become more widely practiced, the role of parents and families will become an even more important part of health care at Children's.

Despite the new regulations and economic constraints, however, our work at Children's goes on. We are among the best in the world at caring for the patients entrusted to us: we have been for generations past, and we expect to continue our successes in pediatric health care for generations to come.

The challenges are formidable, but they are not insurmountable. The history of Children's Hospital is one of challenges faced and challenges met. I firmly believe, as we all do who dedicate our efforts to this very special institution, that we are equal to the task.

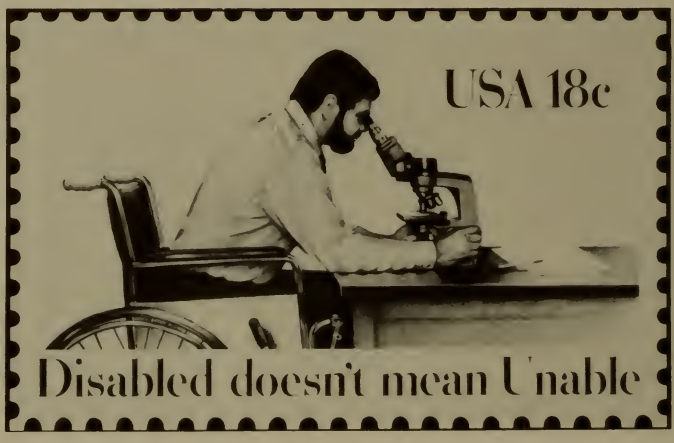
David S. Weiner
President

1981: Activity and Accomplishments

1981: A year of commitment to disabled people. The United Nations proclaimed 1981 the International Year of Disabled Persons (IYDP), and throughout the year, Children's affirmed its commitment to the treatment and prevention of disability.

A hospital-wide committee sponsored a number of special events including the raising of the official IYDP flag in front of the hospital; the first New England unveiling of the commemorative stamp in honor of the IYDP; and the first showing in the United States of two new UNESCO films concerning the plight of the handicapped, "Strategy for Growth" and "It's the Same World."

The committee also sponsored a lobby display of arts and crafts by disabled artists who work with their mouths and feet because they are unable to use their hands, and the dedication program for the opening of a renovated space on Bader 6 for the Physical Therapy Department. The annual Elizabeth Zausmer Lecture, named in honor of a longtime Children's employee in the Physical Therapy Department whose contributions to the field of physical therapy inspired the establishment of the lectureship, was also dedicated to the International Year of Disabled Persons.



Patient Katy Noel was one of the first recipients of the commemorative stamp in honor of the International Year of Disabled Persons. In a ceremony at Children's, the stamp was introduced in the New England area.

Holly White, a sturdy bundle of smiles and laughter, spent nine and a half months at Children's.

Dialysis and renal transplantation programs advancing. The Renal Transplantation Program at Children's celebrated its 10th birthday in May. At medical grand rounds held in September, members of the transplantation team reviewed the advances in kidney transplantation that have been made since Deborah Poirier underwent the first kidney transplant at Children's in May 1971.

Two-year-old Holly White was introduced as an example of how kidney transplants can now be done successfully on very young children. Having received her new kidney at three and a half months, Holly is the hospital's youngest kidney transplant patient to date, and among the youngest transplant patients in the world to receive a kidney from a living related donor.

For children who are either unable to undergo a kidney transplant, or are awaiting a suitable donor, Children's Dialysis Unit continues to provide the only dialysis program in New England that is geared exclusively to children. This year, the unit added two new dialysis stations to the existing four-bed unit which was operating at full capacity.

Personnel reorganizes. Children's greatest asset is its people . . . knowledgeable, dedicated, and caring employees who set the standard by which the hospital is judged.

During 1981, under Director of Personnel Janine Faklis, the department was reorganized.

The department is divided into four sections under a new system called matrix management. The four divisions are Employee Relations, Employment, Compensation and Benefits, and Training and Development. Matrix management allows staff from one section to support another when needed.

The goal of the Employee Relations section is to improve employee communication: coordinating cultural events, providing personal and job counseling, and hearing grievances comprise part of its function. A field office near the main lobby will be established next year to hear and respond directly to employee concerns.

The Employment section screens applicants from inside and outside the hospital and matches them to available positions. In addition, it provides orientation, exit interviews, and personnel paper processing.

The Compensation and Benefits section combines two previously separate functions. The total remuneration of employees, including cash compensation and fringe benefits, is administered through the combined section.

The Training and Development section gives guidance to employees as they assess their talents, improve their skills, and develop personal career goals and paths.

Changes in Administrative Services. During 1981, Children's contracted with two well-known vendors to improve dining and maintenance services at the medical center.

Seiler's, New England's largest food contract company, consulted with the hospital on food preparation, presentation and serving, administrative procedures, and renovations for visitor and employee dining areas.

In addition, Seiler's recommended centralization of procedures for patient feeding, and improvements in the variety and delivery of patient food.

Children's also contracted with ServiceMaster, the nation's leading professional cleaning company, to provide management support services to the Environmental Services Department.

ServiceMaster's management team began the training of nearly 200 Environmental Services employees in the latest techniques for cleaning and maintaining patient, staff, and visitor environments, as well as in the use of top-of-the-line equipment.

Medical staff transitions. Two new chiefs of service joined the Children's staff this year. Paul Griffin, M.D., was appointed orthopaedic surgeon-in-chief, and Stanley Walzer, M.D., became psychiatrist-in-chief at Children's and director of the Judge Baker Guidance Center.

Julius Richmond, M.D., former assistant secretary for health in the Department of Health and Human Services and Surgeon General of the United States, and former psychiatrist-in-chief at Children's, rejoined the hospital after four years in Washington, D.C.

Richmond is devoting half of his time to Children's, and half to the Harvard Medical School, where he is serving as chairman of a Health Policy Committee on Early Life and Adolescence, one of six working groups in Harvard's Division of Health Policy, Research, and Education.

His work at Children's, and at the medical school, involves assessing current health policy as it affects young children, and recommending policy directions for the nation's leaders.

Charles Janeway, M.D., died on May 28. One of the world's most well-known and well-respected pediatricians, Janeway was associated with Children's Hospital for nearly 40 years. He came to the hospital as a visiting physician, was chosen as physician-in-chief four years later, and retired in 1974. He also served as the Thomas Morgan Rotch Professor of Pediatrics at the Harvard Medical School.

A pioneer in the modern science of immunology and immune deficiency diseases, Janeway's research explored the reasons why some children are particularly susceptible to infection.

He is also credited with the blossoming of international pediatrics at Children's. During his years as physician-in-chief, he travelled widely to study child health abroad. The education of foreign physicians was one of Janeway's strongest commitments as a teacher of pediatrics. He established intensive pediatric training programs around the world for physicians in their homelands, and arranged for many foreign physicians to train at Children's.

Four other influential pediatricians who had been associated with Children's died during 1981: Theodore Bennett, M.D., former associate in Allergy, in October; John A. V. Davies, M.D., former senior associate in Medicine and expert in immunology and scarlet fever, in November; Harry Mueller, M.D., former allergist-in-chief and leading authority on stinging insect allergies, in April; and Richard M. Smith, M.D., physician-in-chief from 1941-1946 and distinguished child health educator, in February.

Power plant demolition. June 28 marked the end of an era as two smokestacks from the Blackfan Street power plant toppled with a rumbling crash toward the corner of Blackfan Street and Children's Way. The occasion brought a cheer from onlookers.

Controlled Demolition Incorporated of Phoenix, Maryland, demonstrated such expert use of explosives that not one brick fell out onto the streets bordering the power plant site.

The power plant, erected in 1904, had become out of date and inefficient after more than three-quarters of a century of use. Demolition began in March after the plant's functions were assumed by Harvard University's MATEP (Medical Area Total Energy Program) system.

Renovations. Several changes in the bricks and mortar of Children's Hospital brought greater efficiency and good cheer.

A temporary parking lot was constructed during the summer on the site of the old power plant. Its location across the street from the hospital's main entrance is a welcome convenience for patients, their families, and other visitors.

Activity rooms on two inpatient divisions were given facelifts in 1981; one, with a little help from Walt Disney World. In addition to the Division 35 activity room which was completely refurbished, the Division 26 activity room was the beneficiary of one of 10 birthday celebrations held in pediatric

They stood for more than half a century, and fell in a matter of seconds. The old smokestacks are no longer a Longwood medical area landmark.

hospitals across the country in honor of the 10th anniversary of Disney World in Orlando, Florida.

Disney provided all the activity room's equipment, including educational materials, toys, and decor items with the Disney theme, such as a life-sized, stuffed version of Mickey Mouse.

Renovation of the Emergency Room (ER) improved Children's capability for immediate treatment of critically ill or injured patients. Using existing space, the rearrangement of the ER created two more rooms for immediate, intensive care; a more comfortable and larger waiting area; a more private area for triage patients; and separate entrances for patients arriving by ambulance and for walk-in traffic.

With special thanks to Geraldine (Mrs. Harris) Nelson, the hospital's house officers now have their own place to relax. The porch just off the main lobby (facing Blackfan Street) was closed in and converted into a lounge area. Dedication ceremonies were held on September 10.

Renovation of The Inn at Children's was

The Emergency Room at Children's is actually several rooms, which were renovated during the summer. Improvements were both interior and exterior.

Sterling's

completed in 1981. Sterling Hotels took over the management of all the operations of the Inn, including dining facilities. A new restaurant and cafe have been welcome additions to the medical area.

Acquisitions. Children's continued to expand beyond the borders of the Longwood medical area through two new acquisitions in 1981.

The acquisition of Montrath, a 76-bed pediatric nursing home in Groton, Massachusetts, approximately 40 miles northwest of Boston, was approved in August. For Children's, there are several advantages to the acquisition of a long-term care facility. One is a reinforcement of the hospital's commitment to the full scope of specialized pediatric health care services. Another is the continuum now possible for Children's patients in need of long-term care. And a facility like Montrath could provide the basis for future expansion into the areas of rehabilitation, hospice, and respite care.

Because patients come to Children's from throughout New England, from across the country, and from around the world, finding living accommodations for their families is a very important challenge to the hospital. Children's uses the Ronald McDonald House for parents of cancer patients, provides several rooms in the Gardner House for parents who only need to stay a night or two, and, through donor gifts, has the use of three or four apartments at 400 Brookline Avenue for parents of patients who will be hospitalized for a month or more. Another step toward providing accommodations was taken in October, through an offer to purchase a large Victorian house at 240 Kent Street in Brookline, near the Ronald McDonald House.

A long-term care facility for severely retarded or multihandicapped children, Montrath is one of only four pediatric nursing homes in Massachusetts.

On behalf of the patients, president of the hospital David Weiner extended his thanks to Nancy Kaplan, president of the League.

League gives record gift. A gift of $130,000 was presented by the Children's Hospital League to the hospital on April 15, at the premiere performance of "Peter Pan" at Boston's Metropolitan Center. The contribution, representing proceeds from the Thrift Shop, the Annual Yankee Bookstall, the "Peter Pan" performance, and the theatre benefit's ad book, is an amount unequalled in the history of service organization fund-raising for Children's.

League contributions in the past have supported medical and surgical technology and have helped to fund such projects as the Multidisciplinary Intensive Care Unit, the Volunteer Department, and the Social Service Department.

A partial list of projects to which the $130,000 has been allocated includes a miniature color video system for microsurgery, a film program for adolescents, and special equipment for the Departments of Cardiology and Neonatology.

The theme of the third annual One For All Fund campaign, held in the fall, reflected the colors and symbols of the season.

One For All Fund activities continue. The One For All Fund campaign returned in the fall of 1981 with two new twists: a theme—"Fall For It!"—and a character named "Wanda Forall," dressed in an orange and brown costume resembling a tree. Throughout the campaign, Ms. Forall (an employee who remained anonymous)

visited all employee work areas on all shifts to promote the fund drive, giving out informational brochures, balloons, and buttons. In the main cafeteria, a giant, pale yellow leaf, gradually turned (from bottom to top) to bright orange as the amount of donations increased during the month-long campaign. At the end of the drive, pledges and contributions to the fund totalled $55,234.

WBZ holiday broadcasts return. WBZ Radio conducted its second annual holiday broadcasts for Children's during the three weeks before Christmas.

From 5 a.m. through 10 p.m. each day, all WBZ Radio broadcasts were aired from "The Incredible Broadcast Machine," the station's mobile van, parked in the center of Downtown Crossing.

In addition to its regular programming, WBZ provided information about Children's Hospital. Short interviews — taped on location at the hospital with staff, employees, patients, and their families — and child health education messages were sprinkled throughout each day's programming.

Holiday shoppers were invited to visit the van and make donations to Children's.

WBZ also initiated a series of competitions for schools, businesses, and clubs to encourage them to sponsor fund-raising activities on behalf of Children's, and trophies were awarded in several categories.

Total contributions in the 1981 campaign amounted to more than $150,000.

New programs and patient services. The programs inaugurated in 1981 reflect a very broad range of patient services at Children's.

A new method was introduced in January to improve communication between Children's and the physicians who refer their patients to the hospital. The Referring Physician Coordinator Program assists referring physicians once their patients have become part of the inpatient, or outpatient, system at Children's. The program is a joint effort of the Departments of Medicine and Medical Records.

As a result of rapid advances in medicine and surgery over the past 25 years, a new population of people is alive today who have had serious heart problems since birth. Consequently, a new outpatient clinic was established at Children's in October to serve older cardiac patients. The Young Adult Congenital Heart Clinic is staffed both by adult cardiologists and pediatric cardiologists who, in addition to clinical expertise, know the history of each patient. Cardiac patients who have received care at Children's during their childhood can now continue to do so as adolescents and young adults. The clinic provides counseling as well as medical treatment, and meets at night to accommodate adult schedules.

An experimental treatment for scoliosis, a lateral curvature of the spine which in severe cases can result in deformity, was introduced in the summer. It is hoped that this treatment by electrical stimulation of the muscles may someday supplant bracing as a means of halting the progression of scoliosis and other spinal deformities. Advantages of the new treatment are both functional and cosmetic, enabling adolescent patients to participate fully in an active life without a brace.

A new Anorexia Nervosa and Associated Disorders Clinic, the only one of its kind in the Boston area, opened at Children's in September. Although Children's has studied and treated anorexia nervosa for many years, this clinic was developed to meet an increasing need for comprehensive outpatient care of anorexics and their families.

John Emans, M.D., checks the electrical stimulation kit of patient Nanette Burger.

Anorexia nervosa often begins as an ordinary diet and becomes such an obsession with weight that its victims, if not helped, may starve to death. The disorder is not limited to adolescent girls, although they constitute its largest population. The interdisciplinary clinic at Children's provides evaluation, consultation, and treatment for patients with anorexia nervosa, bulimia, vomiting, and other weight loss problems, and involves the families of the patients in therapy and treatment plans.

Research. Research at Children's was dynamic and diversified in 1981. In some cases, scientists were able to build on the research conducted elsewhere and make significant contributions to a common body of knowledge. The experiments, discoveries, and awards of 1981 acknowledged the working marriage of research and patient care.

John Enders, Ph.D., chief of the Virus Research Unit, emeritus, and senior consultant in Infectious Diseases, who shared the 1954 Nobel Prize for his work on isolation of the polio virus, received two honors in 1981.

In April, he became the second person in the recent history of the 450-year-old Worshipful Society of Apothecaries of London to be honored for contributions to preventive medicine.

John Enders, Ph.D., once called the building that bears his name "a mansion of surprises."

And at Children's, Enders was recognized at virology grand rounds. In paying tribute to him, Mary Ellen Avery, M.D., physician-in-chief, said "Our students and residents have never seen a patient with polio, and may never recognize measles if it should come into the emergency ward. And that, to a great extent, is because of your work."

It was learned that the biological concept of "transformation" may prove to be more beneficial than "transplantation" in tissue and organ replacement. Building on the work initiated by scientists at the University of Chicago and U.C.L.A., a team of researchers at Children's demonstrated a method of growing bone in patients with craniofacial defects. Demineralized bone powder is prepared and implanted, and through "induced osteogenesis," new bone begins to grow and function. The prospect of inducing the transformation of cells into performing new tasks holds very exciting promises for the future.

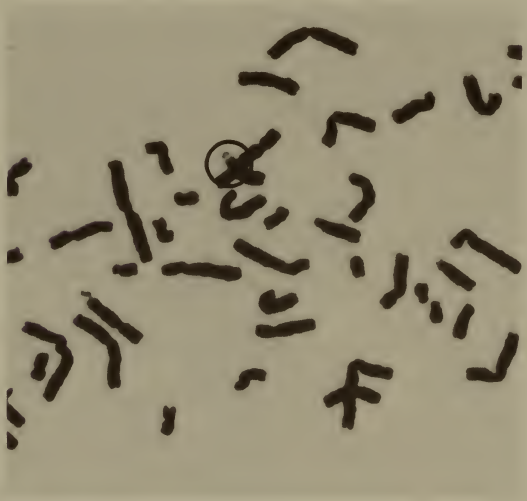
The importance of a defect in the X chromosome thought for several years to be linked to a form of mental retardation was confirmed in 1981 by researchers at Children's and elsewhere. It was learned that the "fragile X syndrome" may be second only to Down syndrome as a known cause of inherited mental retardation.

Julianne Glowacki, Ph.D., one of the principal investigators in the osteogenesis finding, examines a piece of demineralized bone.

"Fragile X" refers to a defect in the X chromosome that consists of a constriction on the long arms of the "X" which make it easily broken. The defect is passed on, in the vast majority of cases, from a carrier mother to a son who is born retarded.

In September, a research team headed by Melvin Glimcher, M.D., director of the Laboratory for Skeletal Disorders and Rehabilitation at Children's and at Harvard, was awarded a five-year, $2.9 million renewal grant to continue research efforts in the biology of skeletal and mineralized tissues. The grant is the only such award in orthopedic surgery given by the National Institutes of Health, and is one of the longest continuously funded grants in the U.S.

Mary Ellen Avery, M.D., physician-in-chief at Children's, was named principal investigator for a five-year grant awarded by the National Heart, Lung, and Blood Institute, effective in December. The grant will provide for the establishment of a specialized center for pediatric pulmonary research. The research team will study normal lung growth in infants and adolescents, and investigate respiratory distress syndrome and related disorders in newborns.



The small dots at the end of the X chromosome (circled) represent the defect in the fragile X.

Visitors

Ronald McDonald

Mickey Mouse and Pluto

Sandy Duncan

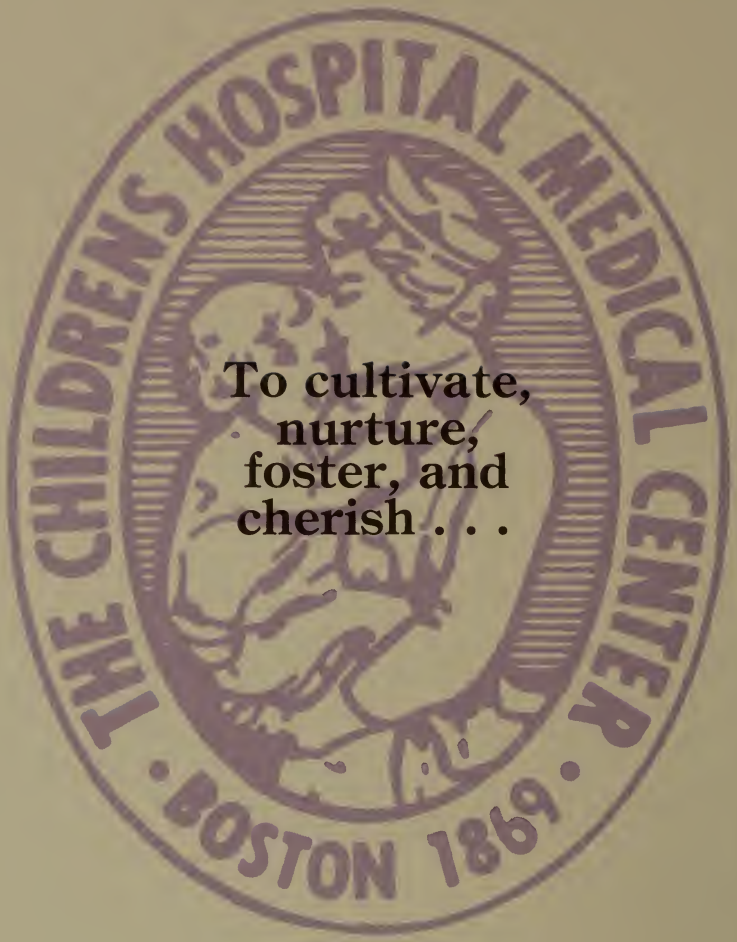
Mrs. George Bush

Donny and Marie Osmond

M.L. Carr

Mike Torres

A View of Children's World



These are the words Webster's Third International Dictionary uses to describe nursing.

The profession of nursing today is as dynamic as it is diversified. Nurses are women and men of all ages who work in hospitals, health centers, neighborhood clinics, schools, universities, business, industry, government, and private homes. The practice of nursing takes place at bedsides, in offices, and behind lecterns.

Nurses at The Children's Hospital Medical Center are committed to giving quality and compassionate care to children, young adults, and families in varying states of illness and health, and to sharing knowledge and experience in a way that promotes personal growth and enriches the nursing profession.

The seal of a nurse and child, introduced decades ago, still represents the spirit of Children's Hospital. Children's is a nursing institution. It cultivates research and clinical investigation. It nurtures the dignity of the families of its patients. It fosters education and training in child health care. And it cherishes every patient as deeply as the nurse who inspired its symbol.

Statistical and Financial Report

tatistics

Patient	1981	1980
Number of licensed beds	**339**	339
Inpatients served	**13,655**	13,363
Patient days	**102,160**	99,095
Average stay	**7.5**	7.4
Clinic visits	**150,540**	149,492
Number of clinics	**87**	84
Emergency room visits	**54,270**	58,591
Surgical procedures		
Inpatient	**7,500**	6,955
Outpatient	**3,095**	2,917
Total	**10,595**	9,872
Radiology		
Patient visits	**68,994**	66,831
Procedures performed	**74,674**	73,370
Laboratory tests	**968,279**	953,685

Personnel		
Active medical staff	*	505
Active dental staff	*	16
Associated scientific staff	*	162
Courtesy staff	*	228
House staff	*	365
Consultants	*	137
Emeriti	*	59
Clinical assistants	*	16
Visiting professors	*	4
Nursing staff	**800**	666
Other full-time employees	**1,816**	1,866
Other part-time employees	**701**	626
Volunteers	**800**	785

*Note: Staff appointments made in June of 1980 were for an 18-month period.

eport of the Treasurer

The Medical Center's financial performance in 1981 continued the favorable trend which began four years ago. A modest financial surplus was achieved in providing patient care services, and we met our goal of avoiding operating losses.

Income from restricted and unrestricted investments and the support from our many friends and benefactors were the principal sources of funds for capital improvements and the purchase of new technology. In 1981 our revenue from non-operating sources was $10.5 million and our capital budget was $9.4 million.

Looking ahead to 1982, our goal is, once again, to avoid losses from patient care services. This task will be more difficult as Blue Cross, the largest source of patient service revenue, has made significant changes in its method of payment. These changes will bring certain arbitrary judgements concerning expense reimbursement and will limit our commitment to new programs.

Also, it is apparent that government—at the federal and state levels—is unwilling to continue its health care support for many of our nation's citizens at the same level as in prior years. This new policy direction will cause the Medical Center to be more cautious regarding our ability to finance a full range of health care services even though we are committed to the principle of serving all citizens, especially those located in the city of Boston.

In summary, the 1982 financial plan reflects a tighter expense budget and a reduction in capital expenditures. While the new regulatory environment will bring economic uncertainty, we will respond to the new problems without changing the Medical Center's commitment to excellence in patient care, research and teaching.

As part of our longer term planning, we are evaluating the capacity and design of our existing facilities and deciding whether they can meet the requirements of our future patients. A project to design a new inpatient facility to be located at the old power plant site on Blackfan Street is now underway. While there are many steps required before final approval, it is expected that this new facility will require the largest capital commitment in our history.

We thank all of you who have contributed to the Medical Center and hope you will continue your support. The generosity of our many donors and the loyalty of our employees and volunteers have enabled us to provide quality care for those in need.

George W. Phillips
Treasurer

tatement of Revenues and Expenses

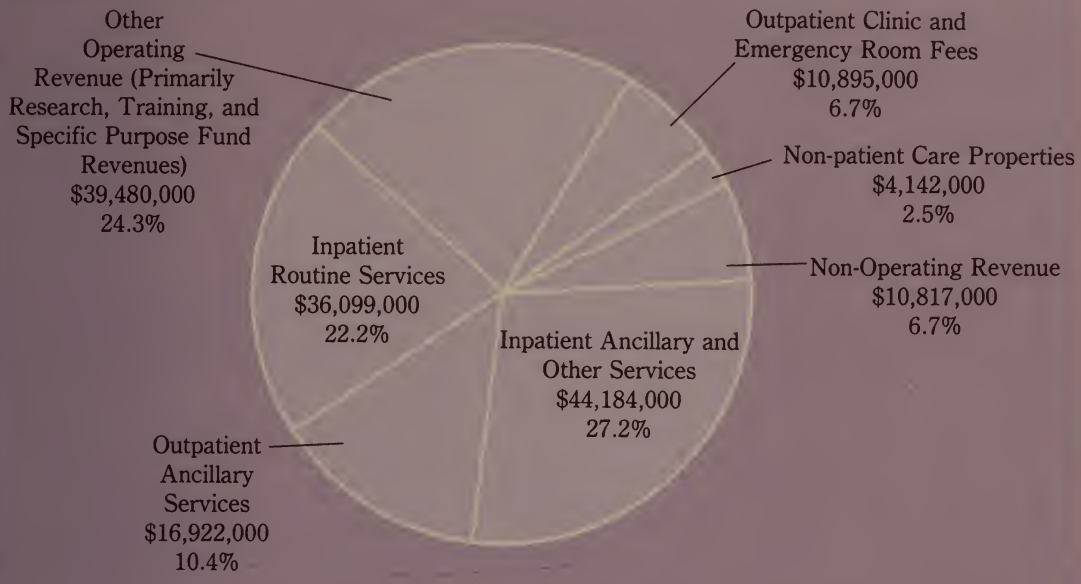
Years Ended September 30, 1981 and 1980	1981	1980
Patient services revenue	**$108,099,684**	$ 90,332,190
Adjustments (free care, contractual discounts, etc.)	**(17,368,471)**	(15,962,512)
Net patient services revenue	**90,731,213**	74,369,678
Other revenue	**8,717,472**	7,555,000
Total operating revenue	**99,448,685**	81,924,678
Patient care expenses	**98,360,264**	80,286,467
Income from patient care operations	**1,088,421**	1,638,211
Other operating income	**1,158,594**	1,032,920
Income from operations	**2,247,015**	2,671,131
Non-operating revenue	**10,351,444**	7,785,816
Effect of changes in accounting methods	**(1,725,000)**	(1,005,336)
Excess of revenues over expenses	**$ 10,873,459**	$ 9,451,611

Note: The Statement of Revenues and Expenses and Condensed Balance Sheet are excerpted from the audited financial statements and are not intended to provide the information contained in the complete audit report.

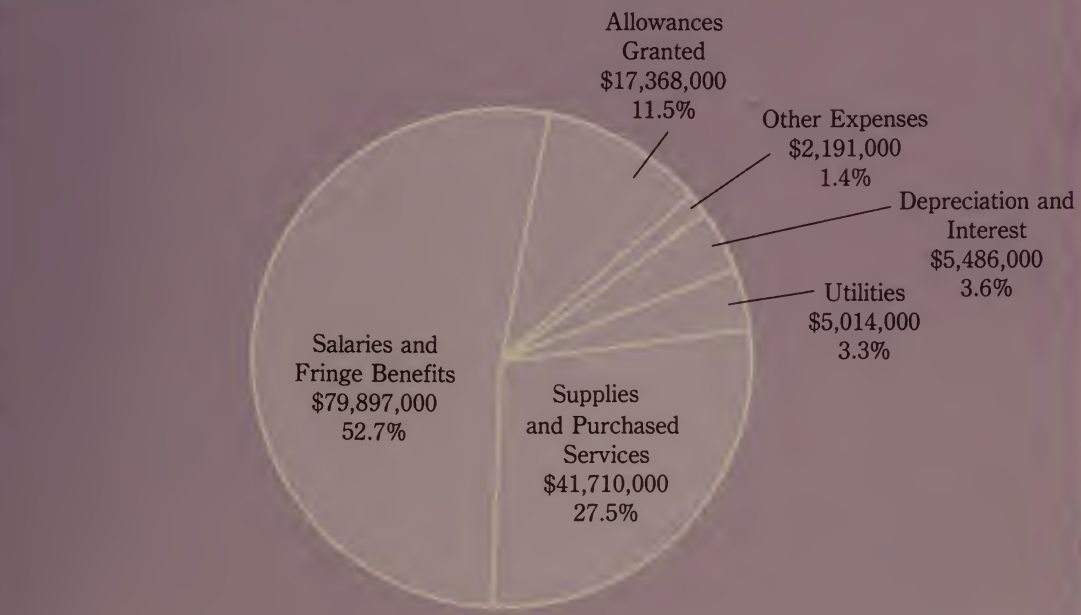
Auditors:
Peat, Marwick, Mitchell & Co.
Certified Public Accountants
One Boston Place
Boston, Massachusetts

Financial Highlights: Year ended September 30, 1981

Sources of Revenues



Distribution of Expenses



ondensed Balance Sheet: September 30, 1981 and 1980

Assets	1981	1980
Unrestricted funds:		
Current:		
Cash	$ 91,535	$ 161,557
Accounts receivable, net	20,586,567	16,563,520
Inventories	865,388	729,313
Prepaid expenses	273,527	176,027
Total	21,817,017	17,630,417
Construction fund receivable	1,442,469	4,390,509
Investments, at cost	44,245,157	31,465,568
Property, plant and equipment, at cost, less accumulated depreciation	61,700,803	58,360,875
Other assets	2,015,431	1,639,107
Total	131,220,877	113,486,476
Restricted funds:		
Accounts receivable	3,611,988	4,030,927
Investments, at cost	29,994,332	29,022,542
Total	$164,827,197	$146,539,945

Liabilities and Fund Balances	1981	1980
Unrestricted funds:		
Current:		
Current portion of long-term debt	$ 327,341	$ 305,287
Accounts payable and accrued expenses	16,527,918	11,643,285
Due to third party payors	3,626,815	4,501,513
Total	20,482,074	16,450,085
Long-term debt, excluding current portion	12,234,939	12,562,280
Deferred compensation	2,015,431	1,639,107
Fund balance	96,488,433	82,835,004
Total	131,220,877	113,486,476
Restricted fund balances:		
Specific purpose funds	11,939,141	11,582,501
Endowment funds	21,667,179	21,470,968
Total	$164,827,197	$146,539,945

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Outpatient Programs

Adolescent/Young Adult Unit
Allergy Clinic
Ambulatory Nursing Program
Ambulatory Surgery Service
Anorexia Nervosa and Associated Disorders Clinic
Arthritis Clinic
Behavioral Psychology Program
Birth Defects and Genetic Counseling Center
Brace Shop (NOPCO)
Bromar Optical Service, Inc.
Cardiology Clinic
Cardiovascular Surgery Department
Cerebral Palsy Medical Clinic
Cerebral Palsy Orthopaedic Clinic
Community Services Program
Comprehensive Child Health Program
Craniofacial Clinic
Cystic Fibrosis Clinic
Dental Clinic
Dermatology Clinic
Developmental Consultation Program
Developmental Evaluation Clinic
Diabetes Unit
Diagnostic Test Center
Dietary Consultation Program
Down Syndrome: Early Intervention Program for Infants
Early Childhood Program
Educational Assessment and Functional Progress Program
Emergency Services
Endocrine Clinics—Pediatric and Adolescent
Failure to Thrive Team
Family Development Clinic
Gastroenterology—Nutrition Clinic
Genitourinary Clinic
Growth Clinic
Gynecology Clinic
Gynecology Nurse Program
Hand Clinic: Combined Orthopaedic—Plastic
Hearing and Speech Division
Heart Disease Prevention Program
Hematology Clinic
Hemophilia Clinic
Hypertension Clinic
Infant Follow-up Program
Lead/Toxicology Clinic
Learning Disabilities Clinic
Martha Eliot Health Center
Medical Diagnostic Clinic
Medical Intake Program
Medical Nurse Program
Metabolic Bone Disorders Clinic
Metabolism Clinic
Myelodysplasia Clinic
Neurology Clinic
Neurology Nurse Program
Neuromuscular Diseases Clinic
Neuropsychology Services
Neurosurgical Clinic
Nuclear Medicine Division
Occupational Therapy Clinic
Oncology Service, Pediatric

Ophthalmology Clinic
Oral Surgery Clinic
Orofacial Clinic (Children's Hospital)
Orofacial Clinic (Services to Handicapped Children)
Orthopaedic Clinic
Orthopaedic Nurse Program
Orthoptic Clinic
Ostomy Program
Otolaryngology Clinic
Pacemaker Clinic
Pains and Incontinence Program
Pediatric Consultative Associates
Periphero-Vascular Clinic
Physical Therapy Clinic
PKU: Inborn Errors of Metabolism Clinic
Plastic Surgery Clinic
Podiatry Clinic
Poison Control System, Massachusetts
Preschool Function Program
Prevocational/Vocational Work Experience Program
Prosthetic Clinic
Protein Clinic
Psychiatry Clinic
Psychology Services
Psychosomatic Service
Pulmonary Clinic
Pulmonary Function Laboratories
Radiation Therapy Department
Radiology Department
Renal Clinic, General
Renal Clinic, Special
Rheumatic Fever Clinic
School Function Program
Seizure Clinic
Seizure Unit
Seizure Unit Family Services Team
Sexual Abuse Treatment Team
Sleep Disorder Program
Social Service Department
Spanish Consultation Program
Special Diagnostic Test Center
Spinal Deformities Clinic
Sports Medicine Division
Surgical Clinic, General
Surgical Nurse Program
Tumor Clinic, Orthopaedic
Urodynamics Laboratory
Weight Control Program
Wrentham State School Contract
Young Adult Congenital Heart Clinic
Young Children and their Parents Development Clinic
Young Parent Program

Hospital Departments

Admitting
Adolescent/Young Adult Unit
Allergy
Ambulatory Services
Anesthesia
Animal Facility
Biomedical Engineering
Blood Bank

Cardiac Catheterization
Cardiology
Cardiovascular Surgery
Cell Biology
Central Supply
Child Development
Clinical Laboratories
Communications
Community Services
Continuing Care
Cystic Fibrosis
Dental
Dermatology
Development
Dietary
Endocrinology
Environmental Services
Epidemiology
Fiscal Services
Gastroenterology and Nutrition
General Counsel
General Stores
Genetics
Gynecology
Hearing and Speech
Hematology/Oncology
Hospital Engineering
Immunology
Infectious Diseases
Kinesiology
Linen
Management Information Systems
Materials Handling
Media Services
Medical Records
Medicine
Message Center
Metabolism
Nephrology
Neurology
Neuroscience
Neurosurgery
Newborn Medicine
Nuclear Medicine
Nursing
Occupational Therapy
Ophthalmology
Orthopaedic Surgery
Otolaryngology
Parking
Pathology
Patient Activity
Patient Relations
Personnel
Pharmacology
Pharmacy
Physical Therapy
Planning
Plastic Surgery
Printing and Forms Control
Psychiatry
Psychology
Public Affairs
Pulmonary
Purchasing
Quality Assurance
Radiation Therapy
Radiology
Rehabilitation Engineering Center
Research Administration
Respiratory Therapy
Security
Social Services
Special Services
Staff Development (Nursing)
Surgery
Surgical Research
Urology
Volunteer Services

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Office of Development
The Children's Hospital Medical Center
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The Children's Hospital Medical Center

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